LIVESTOCK SERVICES REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2001

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Livestock Services Revolving Fund as at March 31, 2001 and the statements of operations and accumulated operating surplus, and changes in accumulated net expenditure/(recovery) for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 31, 2001

Fred Wendel, CMA, CA
Acting Provincial Auditor

LIVESTOCK SERVICES REVOLVING FUND
BALANCE SHEET
As at March 31

	2001	2000
ASSETS		
Current:		
Accounts receivable (Note 10)	$ 308,796	$ 272,513
Inventory	---	33,330
Accumulated net recovery (Statement 3)	---	28,280
	308,796	334,123
Capital assets (Note 5)	13,743	56,060
	$ 322,539	$ 390,183
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable (Notes 8 and 10)	$ 214,647	$ 201,004
Unearned revenue	7,270	3,100
	221,917	204,104
Accumulated net expenditure (Statement 3)	48,188	---
Fund equity:		
Accumulated operating surplus (Statement 2)	52,434	186,079
	$ 322,539	$ 390,183

(See accompanying notes to the financial statements)

Statement 2

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
Year Ended March 31

	Budget 2001 (Note 7)	Actual 2001	Actual 2000
REVENUES			
Livestock inspection fees	$ 2,173,500	$ 2,286,779	$ 2,185,940
Less commissions	41,970	43,697	41,842
Net inspection fees	2,131,530	2,243,082	2,144,098
Registered livestock brands	165,000	168,325	169,063
Livestock dealer licences	40,000	42,700	41,300
Administration fees (Note 8)	30,000	30,000	30,000
Other revenue	760	1,241	4,038
	2,367,290	2,485,348	2,388,499
EXPENSES			
Salaries and benefits	1,827,750	2,032,662	1,916,468
Travel	271,900	277,777	301,051
Stationery and printed forms	70,900	80,333	75,937
Telephone	71,500	69,975	77,019
Rental of office space and equipment	63,400	60,578	62,219
Amortization	---	42,317	44,185
Supplies and repairs	5,805	18,669	8,277
Training and general consulting	29,000	9,547	24,512
Computer hardware, software and supplies	6,600	7,677	6,563
Other	6,970	6,936	9,262
Uniforms and dry cleaning	9,965	6,832	8,417
Advertising and printing	3,500	5,690	778
	2,367,290	2,618,993	2,534,688
Net (loss) from operations	$ ---	(133,645)	(146,189)
Accumulated operating surplus, beginning of year		186,079	332,268
Accumulated operating surplus, end of year (Statement 1)		$ 52,434	$ 186,079

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/(RECOVERY)
Year Ended March 31

	2001	2000
Financing required for (provided by) operating activities:		
Net loss from operations	$ 133,645	$ 146,189
Items not affecting working capital - amortization	(42,317)	(44,185)
Net (increase) in working capital items related to operations (Note 6)	(14,860)	(50,574)
	76,468	51,430
Financing required for investing activities: Purchase of capital assets	—	18,247
Net increase in financing requirements	76,468	69,677
Accumulated net recovery, beginning of year	(28,280)	(97,957)
Accumulated net expenditure/(recovery), end of year (Statement 1)	$ 48,188	$ (28,280)

(See accompanying notes to the financial statements)

LIVESTOCK SERVICES REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2001

1. Authority and Definition

The Livestock Services Revolving Fund was established on June 25, 1996 pursuant to Section 17.1 of *The Department of Agriculture and Food Act*. The Revolving Fund's purpose is to operate the brand inspection program, the livestock inspection program and the livestock dealer licensing program. The Revolving Fund provides administrative services to the Cattle Marketing Deductions Fund and the Horned Cattle Fund pursuant to subsection 17.1(4)(d) of *The Department of Agriculture and Food Act*.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure/(Recovery). The following accounting policies are considered significant.

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Revolving Fund includes the following:

i) the net expenditure (recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from another government agency.

c) Revenue

Inspection fees and commissions are recognized when the livestock are inspected prior to sale.

Brand revenue is recognized when the brand is issued.

Dealer license revenues are recognized when the license is issued.

Administration fees are recognized as revenue when the services have been provided.

d) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating surplus.

Amortization of capital assets is charged to operations using the straight line method at the following rates:

Computer equipment	33.3%
Office furniture	10%
Computer software	33.3%
Office equipment	20%

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

3. Authorized Financing

Subsection 17.1(12) of *The Department of Agriculture and Food Act* provides for a maximum accumulated net expenditure, which may at any time be outstanding, to be set by Order of the Lieutenant Governor in Council. Order in Council 536/97 established the maximum accumulated net expenditure of the Revolving Fund at $3,000,000.

4. Accumulated Operating Surplus/Deficit

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/deficit. If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/deficit for approval by Treasury Board. Plans may include, but are not limited to, payment of excess surpluses to, or requests for additional funding from, the General Revenue Fund. The limit for the Livestock Services Revolving Fund is $500,000.

5. Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	$ 115,830	$ 115,830	$ ---	$ 35,650
Office furniture	8,830	2,947	5,883	6,766
Computer software	8,636	8,636	---	2,270
Office equipment	17,568	9,708	7,860	11,374
	$ 150,864	$ 137,121	$ 13,743	$ 56,060

6. Net Change in Working Capital Items Related to Operations

	2001	2000
Increase in accounts receivable	$ 36,283	$ 5,696
(Decrease) increase in inventory	(33,330)	1,970
(Increase) in accounts payable	(13,643)	(55,140)
(Increase) in unearned revenue	(4,170)	(3,100)
	$ (14,860)	$ (50,574)

7. Budget

These amounts are included in the Department budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at rates charged by those organizations and are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

	2001	2000
Financial statement category:		
Revenues	$ 30,000	$ 30,000
Expenses	207,531	196,177
Accounts payable	16,318	27,467

The Revolving Fund received use of certain office space and administration services from the Department without charge. In addition, the Revolving Fund pays Provincial Sales Tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

9. Amount Recorded in Public Accounts

The net expenditure of the Revolving Fund reported in the Public Accounts is the net loss of the Revolving Fund adjusted for the following differences in accounting policies between the Revolving Fund and the General Revenue Fund.

	2001	2000
Net loss from operations	$ 133,645	$ 146,189
(Decrease) in net capital assets	(42,317)	(25,938)
(Decrease) increase in inventory balance recorded by the Revolving Fund	(33,330)	1,970
Timing differences in recording revenue/expenses	19,278	(8,891)
Net expenditure reported in the Public Accounts	$ 77,276	$ 113,330

10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. Most of the receivables were received shortly after year end reducing the credit risk.

c) Fair Value

Accounts receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

The fair value of the accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.